

MONTHLY OPERATING REPORT**CHAPTER 11**CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EEFor Period Feb. 1 to Feb. 28, 200 9Mark One Box For Each
Required Report/Document**THIS REPORT IS DUE 15 DAYS AFTER THE END OF THE MONTH.**
The debtor must attach each of the following reports unless the United States Trustee has waived the requirement in writing. File original with Clerk of Court and duplicate with UST with an original signature.

Report/Document Attached	Previously Waived	REQUIRED REPORTS/DOCUMENTS
(x)	()	Comparative Balance Sheet (Form 2-B)
(x)	()	Profit and Loss Statement (Form 2-C)
(x)	()	Cash Receipts & Disbursements Statement (Form 2-D)
(x)	()	Supporting Schedules (Form 2-E)
(x)	()	Narrative (Form 2-F)
(x)	()	Copies of Bank Statement(s) and Reconciliations of Bank Balance to Book Balance for all Account(s)

I declare under penalty of perjury that the following Monthly Financial Report and any attachments thereto, are true and correct to the best of my knowledge and belief.Executed on: March 18, 2009Debtor(s)*: Warehouse 86, LLC

By:**

Position: Chief Financial OfficerName of Preparer: Ernest K. Strahan, IIITelephone No.
of Preparer: 901-628-8545

*both debtors must sign if a joint petition

**for corporate or partnership debtor

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

COMPARATIVE BALANCE SHEET

	Filing Date	Month					Month				
		11/04/08	Nov-08	Dec-08	Jan-09	Feb-09	Month	Month	Month	Month	Month
ASSETS:											
CURRENT ASSETS:											
Cash	89,361	160,626	241,228	217,930	161,996						
Accounts Receivable, Net	152,270	121,206	2,704	611	611						
Inventory, at lower of cost or market	73,633	163,361	0	0							
Prepaid expenses & deposits	103,702	103,702	77,502	117,502	117,502						
Other											
TOTAL CURRENT ASSETS	418,966	548,895	321,434	336,043	280,109	0	0				
PROPERTY, PLANT & EQUIPMENT**	2,178,073	2,178,073	0	0	0						
Less accumulated depreciation	-1,124,978	-1,148,876	0	0	0						
NET PROPERTY, PLANT & EQUIPMENT	1,053,096	1,029,197	0	0	0	0	0				
OTHER ASSETS											
Interests in incorporated businesses	6,573	7,414	3,095	0	0						
Insurance claim from tornado & fire,											
registered name, customer lists											
(unknown)											
TOTAL OTHER ASSETS	6,573	7,414	3,095	0	0	0	0				
TOTAL ASSETS	1,478,634	1,585,506	324,529	336,043	280,109	0	0				

If assets are carried at historical cost on debtor's accounting records and debtor elects to show them as such on the monthly reports, note the change above and include remarks on FORM 2-F (Narrative). All subsequent reports must then carry these assets at that value. Do not use historical cost one month and fair market value the next.

**This number does not include \$1,17,225.84, the estimated reduction due to the tornado/fire.

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

COMPARATIVE BALANCE SHEET

Filing Date	Month					
	11/04/08	Nov-08	Dec-08	Jan-09	Feb-09	Month
LIABILITIES:						
POST-PETITION LIABILITIES ***						
Taxes Payable (FORM 2-E, P. 1 of 3)		888	1,096	-	-	
Accounts Payable (FORM 2-E, P. 1 of 3)	-	42,870	20,791	54,751	1,981	
Other - DIP Loan		250,703	-			
TOTAL POST-PETITION LIABILITIES	-	294,461	21,887	54,751	1,981	-
PRE-PETITION LIABILITIES ***						
Notes Payable-Secured	1,264,902	1,264,902	3,732	3,732	3,732	
Priority Debt	9,000	9,000	9,000	9,000	9,000	
Priority Debt-Unsecured	19,000	19,000	19,000	19,000	19,000	
Unsecured Debt**	2,562,082	2,522,783	2,516,171	2,516,171	2,516,171	
Other						
TOTAL PRE-PETITION LIABILITIES	3,854,984	3,815,685	2,547,903	2,547,903	2,547,903	
TOTAL LIABILITIES	3,854,984	4,110,146	2,569,790	2,602,654	2,549,884	-
EQUITY (DEFICIT)						
PREFERRED STOCK						
COMMON STOCK						
PAID-IN CAPITAL						
RETAINED EARNINGS						
Through Filing Date	(2,376,350)	(2,376,350)	(2,376,350)	(2,376,350)	(2,376,350)	
Post Filing Date		(148,290)	131,089	109,739	106,575	
TOTAL EQUITY (NET WORTH)	(2,376,350)	(2,524,640)	(2,245,261)	(2,266,611)	(2,269,775)	-
TOTAL LIABILITIES & EQUITY	1,478,634	1,585,506	324,529	336,043	280,109	-

**Reflects payment of utility charges and insurance premiums pursuant to court order

***Reflects updated November pre and post-petition liability balances due to final reconciliation.

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

PROFIT AND LOSS STATEMENT

	Month 11/4-11/30/08	Month Dec-08	Month Jan-09	Month Feb-09	Month	Month
NET REVENUE	112,361	270,952	(51)	-		
COST OF GOODS SOLD:						
Material	33,175	213,689	-	-		
Labor-Direct	43,033	28,043	-	-		
Overhead	15,866	74,502	125	-		
TOTAL COST OF GOODS SOLD	92,074	316,234	125	-	-	-
GROSS PROFIT	20,287	(45,282)	(176)	-	-	-
OPERATING EXPENSES						
Selling & Marketing						
General & Administration (Rents, utilities, salaries, etc.)	146,946	51,881	15,349	3,164		
Other						
TOTAL OPERATING EXPENSES	146,946	51,881	15,349	3,164	-	-
INTEREST EXPENSE	703	986	298		-	-
INCOME BEFORE DEPRECIATION OR TAXES	(127,362)	(98,149)	(15,823)	(3,164)	-	-
DEPRECIATION OR AMORTIZATION:	23,898	7,436	-	-		
OTHER INCOME	-	529,079	-	-		
GAIN/LOSS ON DISPOSAL OF FIXED ASSETS	-	126,097	-	-		
NET INCOME (LOSS)	(151,260)	297,397	(15,823)	(3,164)	-	-

*Requires explanation in NARRATIVE (FORM 2-F).

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**For Period Feb. 1 to Feb. 28, 200 9**CASH RECONCILIATION**

1.	Beginning Cash Balance (Ending Cash Balance from last month's report)		<u>217,932</u>
2.	Cash Receipts (total Cash Receipts from page 2 of all FORM 2-D's)	<u>\$ -</u>	
3.	Cash Disbursements (total Cash Disbursements from page 3 of all FORM 2-D's)	<u>\$ 55,934.00</u>	
4.	Net Cash Flow		<u>-\$55,934</u>
5.	Ending Cash Balance (to FORM 2-B)		<u>\$161,998</u>

CASH SUMMARY - ENDING BALANCE

	<u>Amount*</u>	<u>Financial Institution</u>
1. Operating Account	\$ -	Bank of America-3903
2. Operating Account	\$ -	Bank of America-9451
3. Payroll Account	\$ -	Bank of America-5429
4. Sales Account	\$ -	PayPal
5. Sales Account	\$ -	PayPal Alt
6. Sweep Account	\$ -	Bank of America
7. Operating Account	\$ 148,465	Bank of America-DIP
8. Payroll Account	\$ 13,531	Bank of America-DIP Payroll
TOTAL (must agree with line 5 above)	<u>161,996</u>	

*These amounts should be equal to the previous month's balance for the account plus this month's receipts less this month's disbursements.

ADJUSTED CASH DISBURSEMENTS

Cash disbursements on Line 3 above less
inter-account transfers & UST fees paid \$ 55,934

*NOTE: This amount should be used to
determine UST quarterly fees due and agree
with Form 2-D, page 2 of 4.

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**QUARTERLY FEE SUMMARY**

MONTH ENDED FEBRUARY 2009

Payment Date	Cash Disbursements*	Quarterly Fee Due	Check No.	Date
January	\$ <u>27,100</u>			
February	\$ <u>55,934</u>			
March	\$ _____			
Total				
1st Quarter	\$ <u>83,034</u>	\$ _____	_____	_____
April	\$ _____			
May	\$ _____			
June	\$ _____			
Total				
2nd Quarter	\$ <u>0</u>	\$ _____	_____	_____
July	\$ _____			
August	\$ _____			
September	\$ _____			
Total				
3rd Quarter	\$ <u>0</u>	_____	_____	_____
October	\$ _____			
November	\$ _____			
December	\$ _____			
Total				
4th Quarter	\$ <u>0</u>	\$ _____	_____	_____

Fee Schedule
DISBURSEMENT CATEGORY

QUARTERLY FEE DUE

Less than \$14,999.00	\$325
\$15,000-\$74,999.99	\$650
\$75,000-\$149,999.99	\$975
\$150,000-\$224,999.99	\$1,625
\$225,000-\$299,999.99	\$1,950
\$300,000-\$999,999.99	\$4,875
\$1,000,000-\$1,999,999.99	\$6,500
\$2,000,000-\$2,999,999.99	\$9,750
\$3,000,000-\$4,999,999.99	\$10,400
\$5,000,000 and above	\$13,000

Note that a minimum payment of \$250 is due each quarter even if no disbursements are made in the case during the period.

*Note: should agree with "adjusted cash disbursements" at bottom of Form 2-D, Page 1 of 4. Disbursements are net of transfers to other debtor in possession bank accounts and net of payments of prior period quarterly fees.

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

CASH RECEIPTS AND DISBURSEMENTS STATEMENT

(This form should be completed for each type of account listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period Feb. 1 to Feb. 28, 200 9

Account Name: DIP-Payroll Account Account Number: 3755551966

CASH RECEIPTS JOURNAL

(attach additional sheets as necessary)

<u>Date</u>	<u>Description (Source)</u>	<u>Amount</u>
-------------	-----------------------------	---------------

Total Cash Receipts \$ -

CASE NAME: Warehouse 86, LLC
CASE NUMBER: 08-03423-EE

CASH RECEIPTS AND DISBURSEMENTS STATEMENT

(This form should be completed for each type of account
listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period Feb. 1 to Feb. 28, 200 9

Account Name: Bank of America-DIP Account Number: 3755551953

CASH RECEIPTS JOURNAL

(attach additional sheets as necessary)

<u>Date</u>	<u>Description (Source)</u>	<u>Amount</u>
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Total Cash Receipts \$ 0.00

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**

(This form should be completed for each type of account listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period Feb. 1 to Feb. 28, 200 9Account Name: DIP-General Account Account Number: 3755551953**CASH DISBURSEMENTS JOURNAL**

(attach additional sheets as necessary)

<u>Date</u>	<u>Check No.</u>	<u>Payee</u>	<u>Description (Purpose)*</u>	<u>Amount</u>
02/02/2009	20112	Haddox Reid Burkes Calhoun	Accounting Fees	\$40,000.00
02/02/2009	20113	First Insurance Funding	Insurance	\$1,056.42
02/05/2009	20114	Transgroup	Freight	\$12,512.57
02/09/2009	20115	Merchandise Manufacturing	Purchases	\$281.44

Total Cash Disbursements \$53,850.43

*Identify any payments to professionals, owners, partners, shareholders, officers, directors or any insiders and all adequate protection payments ordered by the court with an asterisk or highlighting. Any payments made as a result of a court order, should indicate the order date.

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

CASH RECEIPTS AND DISBURSEMENTS STATEMENT

(This form should be completed for each type of account
listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period Feb. 1 to Feb. 28, 200 9

Account Name: DIP-Payroll Account Account Number: 3755551966

CASH DISBURSEMENTS JOURNAL

(attach additional sheets as necessary)

<u>Date</u>	<u>Check No.</u>	<u>Payee</u>	<u>Description (Purpose)*</u>	<u>Amount</u>
02/19/2009		ADP	Payroll Processing Fees	1,283.33
02/20/2009		ADP	Payroll Processing Fees	800.18

Total Cash Disbursements \$ 2,083.51

*Identify any payments to professionals, owners, partners, shareholders, officers, directors or any insiders and all adequate protection payments ordered by the court with an asterisk or highlighting. Any payments made as a result of a court order, should indicate the order date.

CASE NAME: Warehouse 86, LLC CASE NUMBER: 08-03423-EE

SUPPORTING SCHEDULES

For Period Feb. 1 to Feb. 28, 2009

INSURANCE SCHEDULE

Type	Carrier/Agent	Coverage (\$)	Date of Expiration	Premium Paid
General Liability	Employers Mutual Casualty Marchetti Robertson & Brickell	1,000,000	4/15/09	Yes
Property (Fire, Theft)	Employers Mutual Casualty Marchetti Robertson & Brickell	1,000,000	4/15/09	Yes
Vehicle	General Insurance Co. of America Marchetti Robertson & Brickell	1,000,000	4/29/09	Yes
Other (list): Excess/Umbrella	National Union Fire Ins. Co. Marchetti Robertson & Brickell	3,000,000	7/11/09	Yes

(1) Attach copy of certificate of insurance or declaration page of policy for any coverage renewed or replaced during the current reporting month.

(2) For the premium paid column enter "yes" if payment of premium is current or "no" if premium payment is delinquent. If "no", explain on Form 2-F, Narrative.

Bank of America

CUSTOMER CONNECTION
BANK OF AMERICA, N.A.
DALLAS, TEXAS 75283-2406

Account Number 3755551966
01 01 152 01 M0000 E# 0
Last Statement: 01/30/2009
This Statement: 02/27/2009

Customer Service
1-877-757-8233

WAREHOUSE 86 LLC
DEBTOR IN POSSESSION 08-03423
PAYROLL ACCOUNT
PO BOX 16692
JACKSON MS 39236

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Bankruptcy Case Number: 0803423

ANALYZED CHECKING**Account Summary Information**

Statement Period 01/31/2009 - 02/27/2009	Statement Beginning Balance	15,616.15
Number of Deposits/Credits 0	Amount of Deposits/Credits	.00
Number of Checks 0	Amount of Checks	.00
Number of Other Debits 4	Amount of Other Debits	2,744.45
	Statement Ending Balance	12,871.70
Number of Enclosures 0	Service Charge	.00

Withdrawals and Debits**Other Debits**

Date Posted	Customer Reference	Amount	Description	Bank Reference
02/06		659.00	ADP PAYROLL FEES DES:ADP - FEES ID:10Y73 1004747 INDN:BARGAINLAND CO ID:9659605001 CCD	36002109135
02/17		1.94	Account Analysis Fee ANALYSIS CHARGE JANUARY BILLING FOR DETAIL 37555-51966	08790051719
02/26		1,283.33	ADP PAYROLL FEES DES:ADP - FEES ID:10Y73 2322691 INDN:BARGAINLAND CO ID:9659605001 CCD	56004021258
02/27		800.18	ADP PAYROLL FEES DES:ADP - FEES ID:10Y73 2485401 INDN:BARGAINLAND CO ID:9659605001 CCD	57009279084

Daily Balances

Date	Ledger Balance	Collected Balance	Date	Ledger Balance	Collected Balance
01/30	15,616.15	15,616.15	02/26	13,671.88	13,671.88
02/06	14,957.15	14,957.15	02/27	12,871.70	12,871.70
02/17	14,955.21	14,955.21			

Bank of America

CUSTOMER CONNECTION
BANK OF AMERICA, N.A.
DALLAS, TEXAS 75283-2406

Account Number 3755551953
01 01 152 01 M0000 E# 6
Last Statement: 01/30/2009
This Statement: 02/27/2009

Customer Service
1-877-757-8233

WAREHOUSE 86 LLC
DEBTOR IN POSSESSION 08-03423
GENERAL PAYABLES ACCOUNT
PO BOX 16692
JACKSON MS 39236

Page 1 of 2

Bankruptcy Case Number: 0803423

ANALYZED CHECKING

Account Summary Information

Statement Period 01/31/2009 - 02/27/2009	Statement Beginning Balance	116,026.05
Number of Deposits/Credits 1	Amount of Deposits/Credits	100,000.00
Number of Checks 6	Amount of Checks	67,279.21
Number of Other Debits 2	Amount of Other Debits	58.35
	Statement Ending Balance	148,688.49
Number of Enclosures 6	Service Charge	36.00

Deposits and Credits

Date Posted	Customer Reference	Amount	Description	Bank Reference
02/11		100,000.00	WIRE TYPE: WIRE IN DATE: 090211 TIME: 1607 ET TRN: 2009021100217584 SEQ: 2009021100006583/002516 ORIG: BUTLER, SNOW, O MARA, STEVEN ID: 5002574361 SND BK: REGIONS BANK ID: 062005690 PMT DET: CONTACT E RNIE STRAHAN III-WAREHOUSE 86 CFO AT 9016288545 OR	00370217584

Withdrawals and Debits

Checks

Check Number	Amount	Date Posted	Bank Reference	Check Number	Amount	Date Posted	Bank Reference
20109	225.00	02/02	9792812748	20112	40,000.00	02/04	6492485459
20110	6,985.22	02/03	6292050396	20113	1,056.42	02/09	0892301278
20111	6,500.00	02/02	7492923776	20114	12,512.57	02/09	7392256143

Other Debits

Date Posted	Customer Reference	Amount	Description	Bank Reference
02/11		36.00	CHECK ORDER FEE	09820000270
02/17		22.35	Account Analysis Fee ANALYSIS CHARGE JANUARY BILLING FOR DETAIL 37555-51953	08790051718

Daily Balances

Date	Ledger Balance	Collected Balance	Date	Ledger Balance	Collected Balance
01/30	116,026.05	116,026.05	02/09	48,746.84	48,746.84
02/02	109,301.05	109,301.05	02/11	148,710.84	148,710.84
02/03	102,315.83	102,315.83	02/17	148,688.49	148,688.49
02/04	62,315.83	62,315.83	02/27	148,688.49	148,688.49